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An unending variety of topics

Sunday, May 11, 2008

Daydreams in passing

Recently I've been both daydreaming and pondering some of the problems that daydreaming can cause.

I've recently learned that not only do interstellar meteors rudely hit our lovely planet, but some of them may be quite valuable, e.g. black diamond, which leading researchers believe to be the products of supernovae. The Amsterdam diamond sold in 2001 for about $52,000 per gram. The fact that multiple black diamonds have been found on earth suggests that there may be many tonnes of such diamonds flying through the solar system at any given time. By naive extrapolation one tonne of black diamond should be worth $52 billion, but common sense suggests otherwise. If somebody launched a robot to grab a tonne of black diamond out of the darkness of deep space and fling it into the sea, then cut and polished it up for auction, the resulting gem(s) would almost surely fetch only a tiny fraction of that $52 billion. This presents the interesting puzzle: what happens when a collectible, the value of which depends on its stable scarcity, (and thus, its shape of its demand curve depends in part on the shape of its supply curve), suddenly is discovered to be common? Its price might fall far faster than would be expected for a normal commodity demanded solely for its consumption. This suggests, too, that the recent rise in the use of commodities for their monetary properties may in some cases be quite fragile. Where new cheap sources or substitutions are discovered for a commodity, the price of that commodity might fall much farther and faster than if consumption alone shaped the demand curve. This may be a good argument for the gold bugs, if such a breakthrough is less likely for precious metals like gold than for other commodities. I find it a good argument for diversification across a basket or index of commodities. Either of these strategies is still vulnerable to a a return to good fiat currency policy by the U.S. Federal Reserve or the European Central Bank.

Speaking of daydreaming about space, Mike Thomas well describes the utter waste NASA has made, and is still trying to make, out of our tax money and our daydreams. That NASA has talked many space fans into believing that government can successfuly plan for and design infrastructure for hypothetical future business exceeds in idiocy even the old state socialism, which showed time and again (with over a hundred million starved) that central agencies couldn't plan satisfactorily for even present industrial needs.

And now for a nice exercise in pure daydreaming: SETI, the Search for Extraterrestrial Intelligence. The Drake Equation makes it all sound very scientific, but plausible inputs into the Drake Equation can make its ouptut vary by nearly twenty orders of magnitude. At one extreme there may be no civilizations in the visible universe except us. At the other extreme many SETI people believe that each galaxy may be full of millions of rather compressed and cryptic civilizations. There are plenty of people who find one extreme quite plausible and the other quite implausible, for each extreme, and plenty of plausible arguments for each side, but in fact we just don't know. SETI is an obvious example of an error that is far too common, if less obviously so, in many other areas of science: too many people who style themselves as scientists present highly uncertain opinions, based on obscure or questionable assumptions, as if they

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Nick Szabo

"A premier thinker about history, law and economics, and the lessons they have for security." -- Adam Shostack, Emergent Chaos

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"Like most blogs worth my attention, this blog is updated only infrequently. That is because the authors of blogs worth my attention only post when they have something to say that is true, relevant and not already known by their audience. Most of the human race does not have the skill to know when an idea has these three properties. The skill is particularly rare in the fields of politics and economics, which is why this blog is such a rare and valuable thing." -- Richard Hollerith

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were accurate facts or settled theories. The precision and confidence of their language often far exceeds their accuracy. Modern science is so specialized that even the vast majority of fellow scientists often don't have the time to dig in to unearth the hidden assumptions behind their fellows' claims. They like us come to accept opinions, possibly of a highly uncertain nature, as facts based on the authority of the scientists.

Mistaking precision for accuracy is also one of the big problems with with attempting to predict the future needs of commerce, as NASA has purported to do. As if exagerated claims to accuracy and the hiding of assumptions weren't bad enough, due to the dominance of one kind of funding, namely government funding, most of the scientists in some fields share common biases, especially political biases to justify expanded government budgets. Authority increasingly takes the form of political power, funding increasingly requires political power, and political power, rather than facts, has been increasingly the source of "scientific consensus." Here is more on the the trouble with modern science.

Posted by Nick Szabo at 2:57 PM

1 comment:

doorman said...

Nick, you'd make a good space cynic.

11:21 AM

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